

## Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 02896 111418Z  
ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 OIC-02 AID-05 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 ICA-11 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 /091 W  
-----081876 120226Z /75

R 111340Z APR 78  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 7051

LIMITED OFFICIAL USE BRASILIA 2896

PASS TREASURY

EO 11652: /A  
TAGS: BAID, IDB, BR  
SUBJ: IDB ANNUAL MEETING

REF: A) STATE67138, B) BRASILIA 2222

1. FINANCE MINISTRY HAS INDICATED THAT WHILE MINISTER SIMONSEN WOULD LIKE TO SPEAK WITH ASSISTANT SECRETARY BERGSTEN IN VANCOUVER HE WOULD PREFER NOT TO HAVE A PREDETERMINED AGENDA OF SUBJECTS.

2. EMBASSY SUGGESTS THAT MEETING BE SCHEDULED FOR MONDAY OR TUESDAY APRIL 17 OR 18, AND THAT ASSISTANT SECRETARY BERGSTEN USE OCCASION TO PURSUE ISSUE OF BRAZILIAN EXPORT SUBSIDIES AND U.S. COUNTERVAILING DUTIES. IN RECENT WEEKS SIMONSEN HAS STATED PUBLICLY AND IN CONVERSATION WITH EMBASSY OFFICER THAT GOB WOULD BE PREPARED TO PHASE DOWN SUBSIDIES AT RATE OF 4 PERCENTAGE POINTS PER YEAR OVER THE NEXT FIVE YEARS IF MTN COULD PRODUCE SUBSIDIES/CVD CODE WITH AN INJURY CLAUSE. DISCUSSION OF U.S. AND GOB POSITIONS COULD HELP SET STAGE FOR PRODUCTIVE MEETING OF SUBGROUP ON TRADE IN BRASILIA  
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IN MAY.

3. SUBJECTS THAT SIMONSEN MAY RAISE INCLUDE PENDING U.S. DECISIONS ON: A) GRANDFATHERING OF TAX CREDIT FOR BRAZILIAN TAX ON INTEREST REMITTANCES IN CONNECTION WITH LOANS MADE PRIOR TO RECENT REDUCTION IN TAX CREDIT; B) POSSIBLE INTEREST OF U.S. IN FURTHER DISCUSSIONS OF A PARTIAL OR LIMITED BILATERAL

TAX CONVENTION; C) DISPOSITION OF COMMENTS AND SUBSEQUENT  
IMPLEMENTATION OF FOREIGN LENDING BY U.S. BANKS.

4. SIMONSEN MAY ALSO INQUIRE ABOUT PROSPECTS FOR CONGRESSIONAL  
APPROVAL OF U.S. SUBSCRIPTIONS AND CONTRIBUTIONS TO THE IDB.  
IN TURN EMBASSY SUGGESTS THAT U.S. SIDE MIGHT URGE BRAZIL  
TO TAKE FURTHER STEPS IN IDB TOWARD A MORE MEANINGFUL DONOR  
ROLE BY INCREASING ITS CONVERTIBLE CURRENCY CONTRIBUTION TO  
THE FSO IN THE NEXT REPLENISHMENT. BERGSTEN COULD ALSO  
USE OCCASION TO NOTE BELATED GOB ACTION ON IMF SECOND  
AMENDMENT AND SIXTH QUOTA INCREASE AND TO URGE MORE EXPEDITIOUS  
ATTENTION TO THE WITTEVEEN FACILITY PROPOSAL AND TO THE UPCOMING  
SEVENTH QUOTA INCREASE.  
JOHNSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, DEVELOPMENT BANKS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BRASIL02896  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Reference:** 78 STATE 67138, 78 BRASILIA 2222  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** EAID, BR, IDB  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014